

# Public Sector Innovation Capacity

What influences public officials' ability to  
learn, innovate and adapt to change?

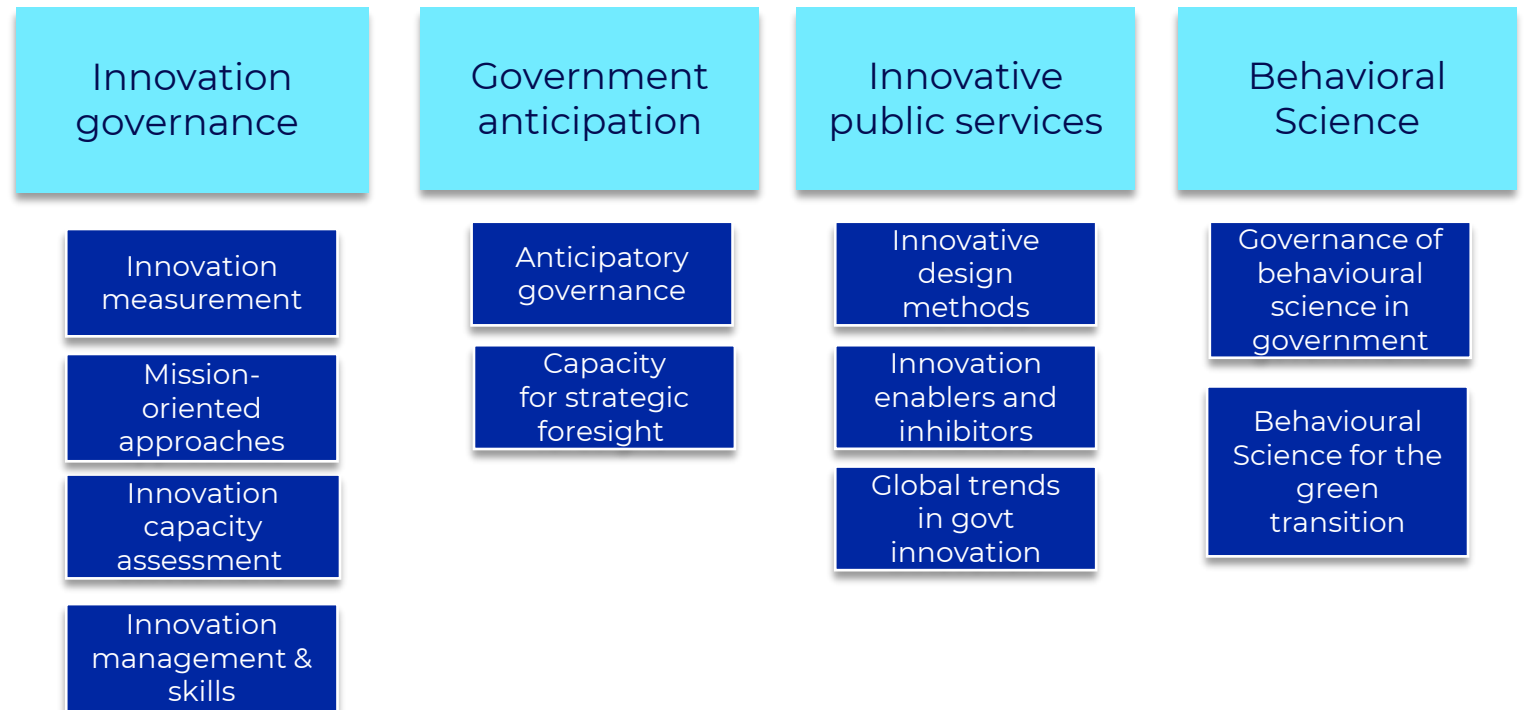
6 May 2025

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# Observatory of Public Sector Innovation

- Research
  - Standard setting
  - Assessment
- Implementation support  
Capacity building  
Demonstration



# Part I What is public sector **innovation capacity**



# Public Sector Innovation capacity

Since 2017 OPSI has been working on the topic of innovation capacity with numerous country studies and scans. The work has informed the adoption of the Public Sector Innovation Declaration and all other public sector innovation workstreams at the OECD. With the topic of public sector innovation professionalizing in member countries, so, has matured also OECD's methodology and work in the area of public sector innovation.



**Adoption of the OECD Declaration on Public Sector Innovation**  
May 2019

2019



**Public Sector Innovation Scan of Denmark**  
March 2021

2022



**Innovative Capacity Assessment of Romania**  
Sept 2022

**Forthcoming: Assessments on Armenia & Bulgaria, Chapters on Kazakhstan and Ukraine**

2018



**Country study of Canada's Innovation System**  
November 2018

2021



**Country study of Brazil's Innovation System**  
November 2019



**Innovative Capacity Framework Launched**  
April 2022

2023

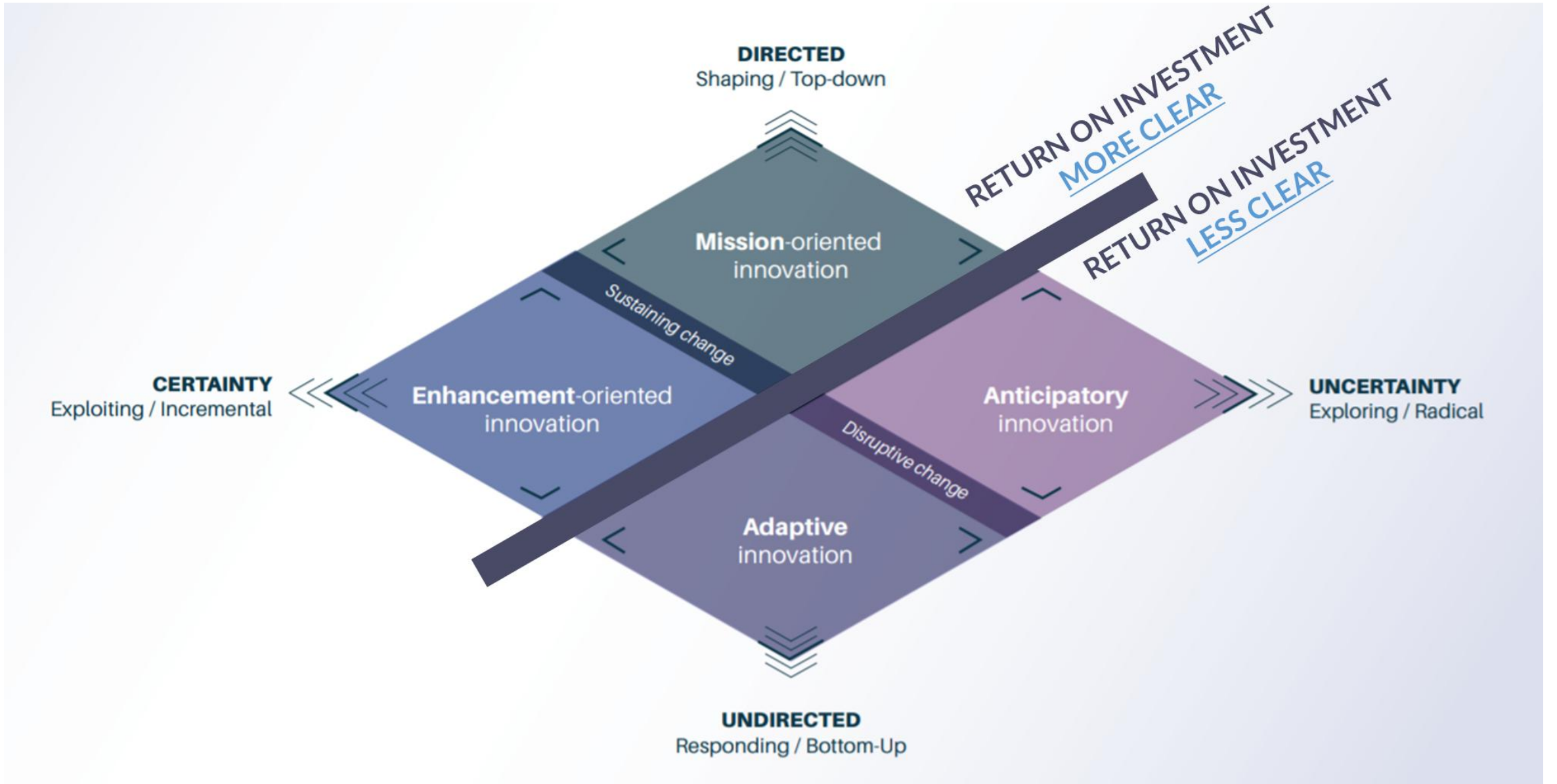


**Innovative Capacity Assessment of Latvia**  
October 2023



**Public sector innovative capacity framework enables to look at innovation factors across the individual, organization and system levels.**

Looking at these factors together allows governments to better plan their investments in public sector innovation and address any gaps or barriers to innovation in the public sector context. Ultimately, increased public sector innovation capacity means that governments that are better able to meet to the needs of the public.



## Mission-oriented outcomes are enabled by fit-for-purpose governance

A mission-oriented approach to governance is typified by:

- **Structure**

Framework

Anchoring

Mandates

- **Strategic orientation**

Roadmaps

Political support

Societal engagement

- **Co-ordination**

Horizontal co-ordination

Vertical co-ordination

Mobilisation

- **Execution**

Broad policy mix

Process integration

Experimentation

Reflexivity

Capabilities

- **Resources**

Public funding

Private investment

Market-shaping

# Innovation capacity radar

## What we can learn

### Benefits



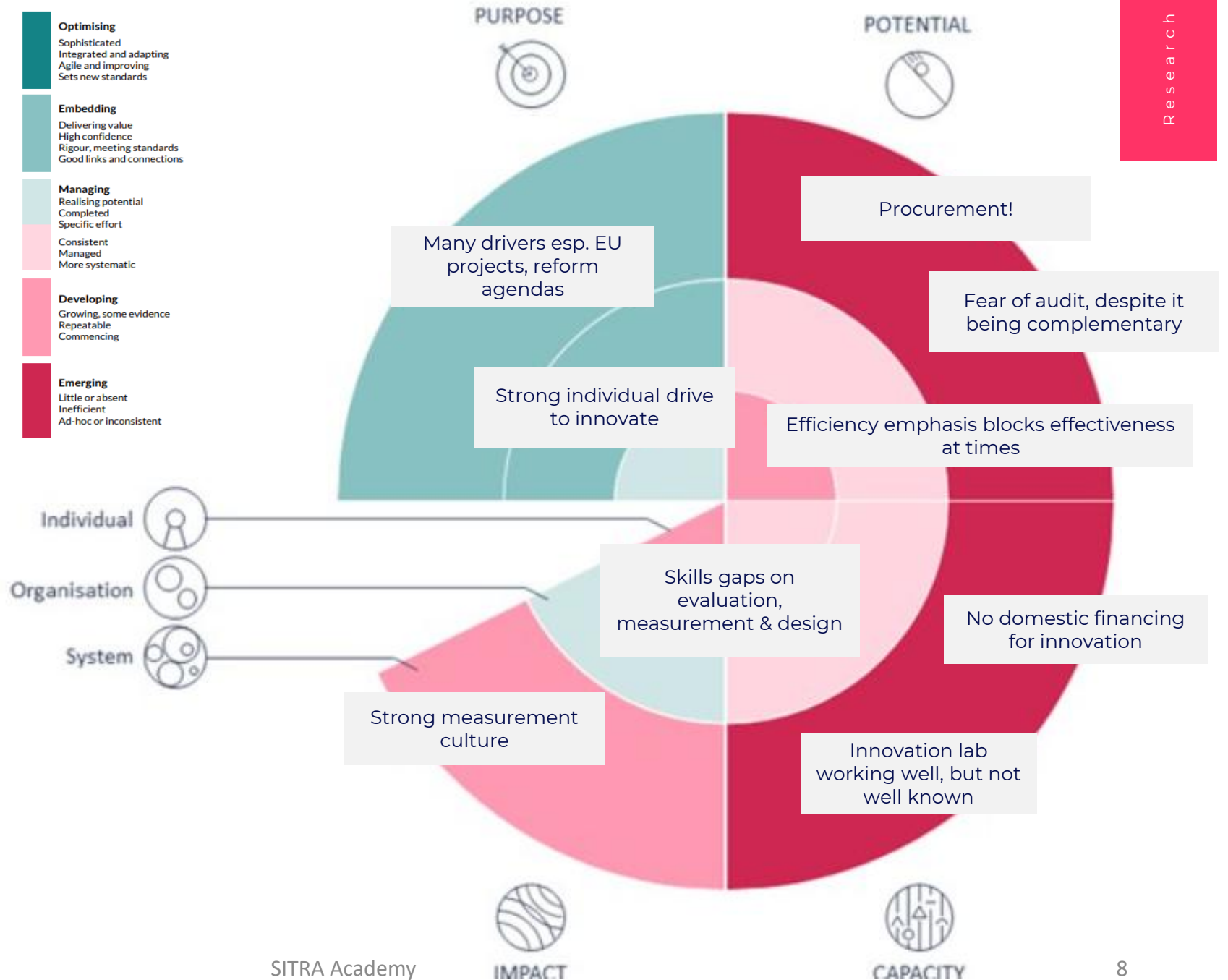
#### Make smart & financially efficient decisions

- Identify the key systems levers that need to be addressed
- Justify investments in PSI
- Equip countries to build business cases for PSI



#### Design strategic & impactful interventions

- Support countries approach innovation strategically: Embed in core agendas and leverage innovation to deliver on their priorities
- Provide targeted capacity building on key capacity gap areas (curriculum development, training, strategic and capacity building support to innovation labs and other institutions)

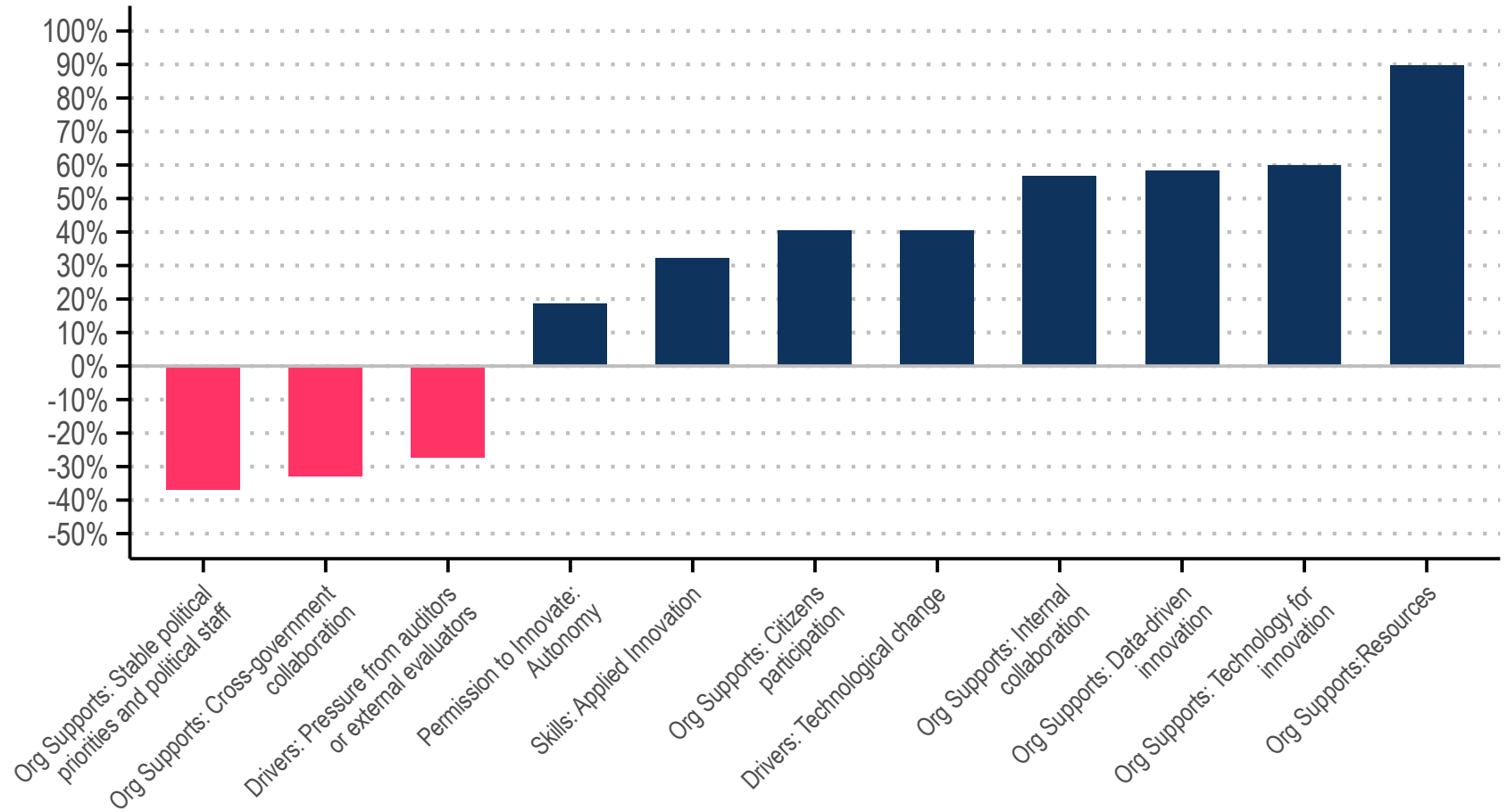




# Bulgaria's innovative capacity

## Most important factors influencing innovation

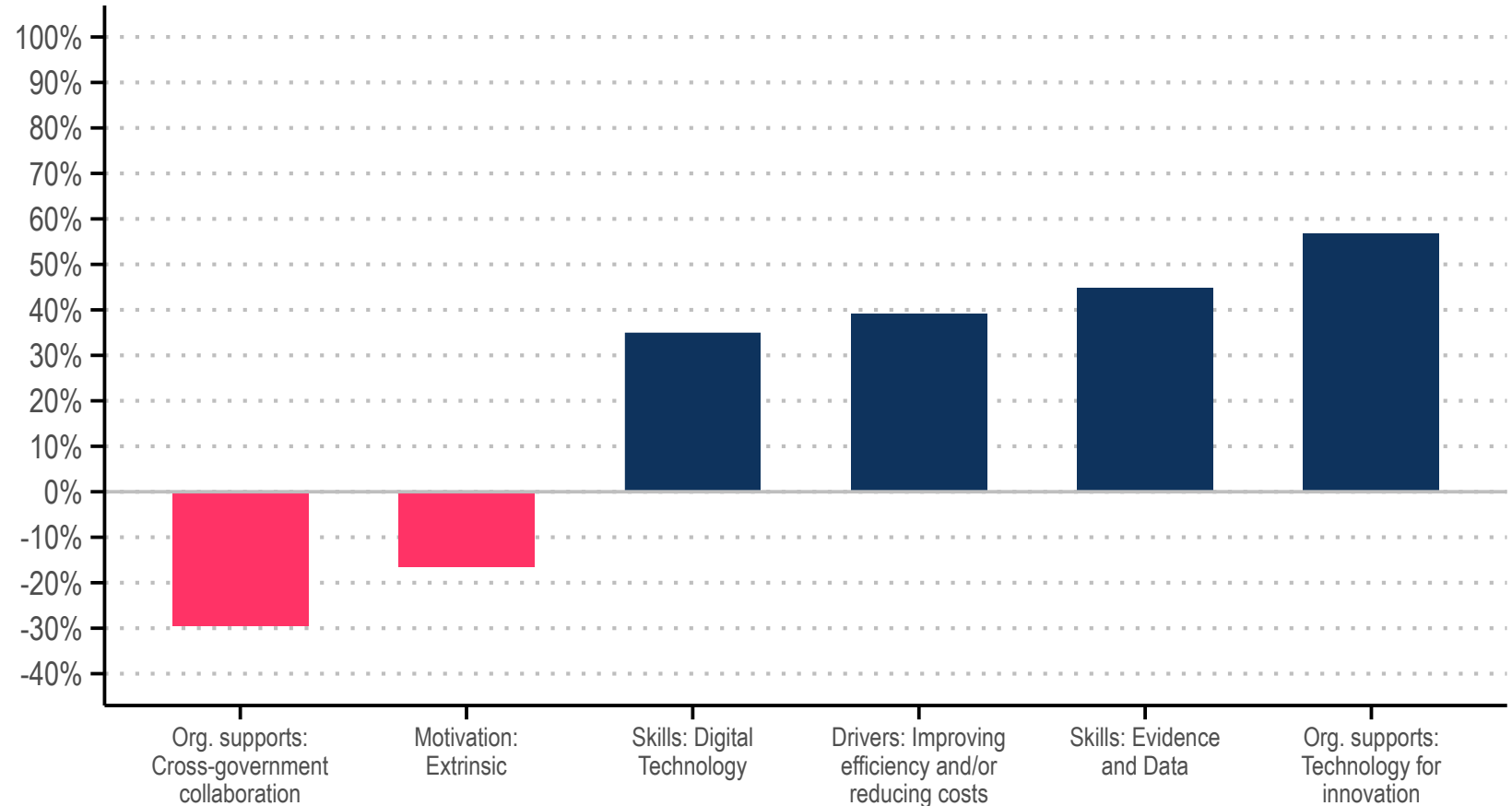
The figure shows the percentage point change in the odds of participating in an innovation in response to improvements in variables significant at a 99% confidence level



# Armenia's innovative capacity

## Most important factors influencing innovation

The figure shows the percentage point change in the odds of participating in an innovation in response to improvements in variables significant at a 99% confidence level



# Findings from ongoing **innovation skills work**



## 1. Innovation as a public sector competency requires dynamic, adaptive, and collaborative skillsets.

Innovation in the public sector involves a dynamic blend of capabilities:

- Sense-making, connecting, and shaping (Kattel, 2021)
- Technical skills, stakeholder engagement, and adaptability (Skorková, 2016)
- Human-centricity, data literacy, and storytelling (OECD, 2017)

A compilation of preliminary skill sets for practitioners and leadership has been made available and will be measured in an upcoming survey.

OECD countries are increasingly embedding innovation skills in competency frameworks (OECD, 2017; 2022)

**Governments should conceptualise innovation as a competency grounded in adaptability, systems thinking, and stakeholder collaboration, moving beyond traditional models.**



## 2. Effective capacity-building must go beyond formal trainings.

Competency development is most successful when it blends:

- Formal training through design thinking, behavioural insights, digital and open government skills. (Bluestone et al., 2013)
- Experiential learning through lab simulations, hackathons, real-world problem-solving (Rowe et al., 2005)
- Informal learning, seen through peer exchange, mentoring, cross-functional collaboration and on-the-job training (Öffentlicher Dienst Österreich, 2024)

Case studies in Austria, Belgium, Chile, Estonia, Sweden, and the UK illustrate some of these characteristics.

**Innovation learning ecosystems should prioritise hands-on experiences and cross-sectoral exposure to embed competencies in a sustained way.**





## 3. Structural and cultural barriers to risk-taking persist, undermining innovation skill development.

Deep-rooted structural and cultural barriers continue to constrain risk-taking

- Hierarchical rigidity and bureaucratic inertia (inc. digital adoption) discourage experimentation and failure-tolerant learning environments (Kattel, 2021; Clausen et al., 2020).
- Risk-averse cultures remain dominant, stifling curiosity, agility, and creative problem-solving. (Clausen, Demircioglu & Alsos, 2020)
- Lack of enabling environments, such as leadership support, legal flexibility, and innovation mandates, limits the space to test and iterate new approaches (OECD, 2023; McGann et al., 2018)

**Structural enablers such as adaptive leadership upskilling, and innovation-oriented HR policies and incentives are essential to overcome inertia and foster a culture of innovation.**



## 4. Systemic policy frameworks and leadership are critical to turn skills into action

- Policies that integrate cross-sector collaboration, strategic funding, regulatory flexibility, and citizen-participation can support transforming skills into action (OECD, 2019; 2021; 2025)
- Authorising environments with political, leadership and managerial backing empower experimentation and a legitimate innovation practice (McGann et al., 2018; Gallup, 2025)

**Government innovation strategies should align with institutional policies that enable experimentation, legitimise risk-taking, and reward creative problem-solving in the public sector.**



## 5. Innovation skills must be aligned with broader government goals such as public sector reform, AI and digital transition, and public trust.

Developing innovation skills in isolation is insufficient, they must be strategically aligned with governments' overarching priorities.

- Public sector reform has focused on innovation competencies such as adaptive leadership, systems thinking, and iteration (TBI, 2023).
- AI and digital transitions demand new technical capabilities, such as working with data, agile development, algorithm and AI literacy to ensure responsible innovation (OECD, 2024).
- Rebuilding public trust hinges on transparent, participatory, and user-centred approaches to deliver inclusive policies and services (OECD, 2024).

**Embed innovation skill development within the fabric of policy priorities, ensuring that training, leadership development, and workforce planning are clearly connected to long-term reform agendas.**

# From OECD work in **Finland**

# Finnish case study on leadership for systems change

2018-2019

## Various systemic issues in policymaking:

- Resource allocation and sharing limits horizontal coordination
- Accountability structures are mainly vertical



### Informal ways of co-ordinating

*There was general consensus that informal ways of co-ordinating joint work across the government worked well*



### Resource allocation & alignment

*In almost all conversations, DGs expressed challenges with regard to resource sharing*



### Accountability structures

*No formal mechanisms tied to delivering on thematic/horizontal projects*



### Senior Leadership training

*Useful to build social capital and networks yet specific aims could be better defined*



### High & low priority policy issues

*...affecting DGs perception of the GAP and ability to work horizontally*



### Policy development vs. implementation

*...DGs views of the GAP and its new ways of working varied depending on which they were responsible for..*



### Varying political influences & context

*...affected DGs ability to collaborate across the government to implement GAP goals*



### Leadership style affected by the landscape DGs find themselves in

*There appeared to be heterogeneity between DGs, with many DGs seeing themselves as subject matter experts and others seeing their role as leaders providing space and strategic guidance to their experts..*



# Finnish case study on leadership for systems change

2018-2019

4 indicative personas in leadership

## LAWMAKER

**Personal background & leadership style**

I have been 12 years in the same ministry. I was a subject matter expert in a very specialised field, but I have been in managerial position for some time. I have a traditional leadership style, but I allow people below me to collaborate directly across ministries on content issues, if the partners are at a similar level. I am the one talking to the minister, reporting upward. I sometimes substitute my permanent secretary in strategic meetings.

**Personal experiences**

We have always worked together with the same 2-3 ministries and it goes well. I have a joint project that is technically difficult, has been dragging along for year – it is nothing to do with the ministries per se, but I don't think it will be the engineers getting the blame, it will be one of us. It is difficult to get things done without a political agreement: "When there is no political agreement, then ministries are lobbying from different positions." You would think that having 2 ministers from the same party would make things easier, but no, "collaboration didn't work at all – they didn't get along." "Some ministers have kept to a very high level, but others get much more hands on – current minister case in point – blurring roles between permanent secretary and minister." Next to regulation I have to deal with some implementation tasks "this is not a ministries job!"

**Perception of the challenge**

"The old problems are still there: resources and political interests." I know that management style has changed, but I don't know if applies in my environment. "I had a deputy who has worked in my department for 41 years on his specialized field. He was a true expert in his field. I wouldn't expect him to work differently." Legislation is the main tool for collaboration, but, when requires a change of working methods in another organisation, it is not always easy. "GAP sets many priorities but there are also some day-to-day challenges, as well as emerging priorities from the real world. It makes it hard to plan appropriately." At the same time, "some things are not a priority for us, but need to get done anyway, e.g., EU legislature work." There is a coordination challenges between MoF and PMO – sometimes they work against each other, don't coordinate training etc.

**Quotes:**

- "I have worked together with three ministries and we have always collaborated well"
- "You know the generation after the war was more pragmatic – management by pericles: in the way they believed that engineers can fix everything. Now they say that staff has to have a say and discuss."
- "Biggest problem is resources! They have tried to get us to participate in various ways, have organized working groups. But for us... we don't consider it as important as it maybe should be – there are many rival programs, so, we have to prioritize."

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LEADERSHIP FOR SYSTEMS CHANGE

## OVERLOADED ACHIEVER

**Personal background & leadership style**

I am new to this position, but have been in government for some time. I found that my previous position (which was in a different part of the same ministry) was more horizontal. Since taking up this role, I have tried to reform the system but I am pulled in so many different directions. I seem to have many competing priorities to contend with, and have to manage various policy fields. In practice, I am managing 40 people with no units below me - "Something needs to change!"

**Personal experiences**

There are probably too many change projects that I am attempting for a four year term. "So much needs to be changed: we really need to start to work across silos. /.../ I dream about connecting different work streams to joint work spaces, but it is not easy." And, "I don't get any direct praise, recognition, my work is taken for granted." "GAP/OHRA happened on the top level, but nothing changed in the system." "Thoughts from the PMO level are not in line with our goals. For the first time, we didn't have any input into the GAP. This was not good from our perspective, because there are many conflicting activities included in it, and things are not connected to our activities." "I don't have a lot of contact with the political level – so it is difficult to know the thought process; senior leaders really have to interpret a lot of the outcomes of policies". Politicians do not make concrete decisions, leaving consequential policy calls to public administrators: "Often policy contest becomes very general – women are important, fight against climate change – but what is the result we are really trying to achieve?" In my experience, "there is no real time for strategic decision making"; we put together information that is not very analytical."

**Perception of the challenge**

I am managing many competing fields, but "I don't have the flexibility to allocate funding from one area to another." When it becomes about money, cooperation fails, people revert back to traditional roles. "It is about my money – your money." I feel like I am in-between a rock and a hard place: "There are vertical pressures within the organisation, and horizontal cross-cutting priorities and pressures put on me from the GAP. /.../ With downward pressure on resources, we cannot build the capabilities necessary in this organisation (i.e. group leaders and individual experts). This is putting extreme pressure on the middle management, because of workload and existing skills." There is little time to do my job well. I try to reform things, but "the top level management does not believe in results/outcome based management." Politics make things more difficult by giving mixed/conflicting signals (e.g., GAP), not defining the outcomes they want to see and nobody asks for our input.

**Quotes:**

- "My permanent secretary says that things have always been this way."
- "When people are busy with their own agenda – they don't have time to get into other people's headaches."
- "Yes, minister – don't see a lot of that in Finland. Maybe in more established ministries, we are younger. It also depends on the minister you have, rather civil servants tend to take over ministers positions."

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LEADERSHIP FOR SYSTEMS CHANGE

## SUBJECT MATTER EXPERT

**Personal background & leadership style**

I have been in the same ministry working on the same policy problems my entire career in the government. I rose up the chain of command faster than many of the colleagues due to my superior knowledge and passion for this field. I care greatly about the files I work on. I lead by example and try to instil collaborative working methods in my staff. I am the only one who goes to speak to the minister and permanent secretary about this file, since nobody understands it as well as I do.

**Personal experiences**

Between us, I was rather disappointed that there wasn't more of a focus on my policy area in the GAP. I don't feel that I was given an opportunity to influence its the development process. The ministries who get the money, dictate the collaborations and getting money assigned for topics in other ministries' budgets is very difficult. "Discussions are happening, but there is no real money behind it". So, "some of the projects that are meant to be horizontal are not." Granted, our field is much smaller than the main focus of the ministry. So now we have to collaborate with other ministries who get the funding what should be a collaborative project. At the same time, "there is no flexibility to moving money from one ministry to another." Sometimes there is a special minister on the topic and sometimes there isn't. "When we got our own minister then things became easier, one person didn't have to deal with competing values."

**Perception of the challenge**

Ministers only get to focus on few policy topics and not all areas get the attention they need, esp. in GAP. "How to get our topic in there if it is not the major issue at the moment?" Especially, as internally the focus areas may also be different, for example, "my permanent secretary has his/her own policy ambitions." In the last government there were political Permanent Secretaries and this helped to have clearer roles between political and admin – now they are very blurred again. They are interesting role, but mixed." Getting money flexibly if you are not at forefront of discussions is almost impossible. On a personal side, I find it very difficult to delegate autonomy to content specialists due to higher level demands for information from the top. "It's not at all that civil servants are unwilling to collaborate for wicked problems. It's the minister that wants all the information and knowledge near him/her."

**Quotes:**

- "Who gets the money dictates how things proceed!"
- "I have to look for justification of funding from GAP with a magnifying glass, to find the sentence/word connected to my policy field.."
- "Sometimes trade-offs between topics are huge, sometimes there are win-win situations, but most often they are win-lose situation."

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LEADERSHIP FOR SYSTEMS CHANGE

## FRUSTRATED NEWCOMER

**Personal background & leadership style**

I am new to the central government. I have been at a DG position for only a couple of years. However, I have worked in the public sector before: I came from an agency at the municipal level and I don't have the full personal network on the central government level yet. I try to use all opportunities to meet new people. I'm an issue manager and I believe in "lean" and that experts can handle their own work. "Anybody from my team can speak to the minister, as long as things get done."

**Personal experiences**

I am frustrated with the way central government operates; minister wants all the information close to him; have to be ready to answer all questions at the top of the hat myself. It is difficult to delegate autonomy because of it even if I want to. My task should be to interpret the political climate and feasibility. "On the regional level cooperation is easier; you are much closer to the real customer." However, we work a lot together with business, which pushes us to be more have more collaborative ways of working. In my experience, high level political topics – flash – legitimizes collaboration and pushes boundaries. "Collaboration in this particular project has been relatively easy – everybody wants to be on board because it's flashy and interesting." Sometimes there is "competition between ministerial communication departments on who will get the results out first. It is not important who did it, but what got done." Things move when political advisers trust me." It is even easier if you have two ministers from the same party.

**Perception of the challenge**

The push from the top to be an expert makes my life difficult, esp. as some other DGs in my ministry, who work in a totally different way, are more like experts. But ultimately, "it is not me, but the experts that are stuck. I think there are a lot of institutional habits; problems do not move up to me, because things have always been like that." Competition is still around. "Ministries have their own missions; at times it is just important to protect organizational positions. It becomes a zero-sum-game, esp. when resources are involved." There are different cultures in different ministries that holds us back: "We want to look to technical future, make changes early rather than late – willing to take risk. But colleagues in other ministries, may not have the same attitude." We nudge them, but we cannot step on their toes too and do their work. New things are tough for us too, because we cannot hire new talent.

**Quotes:**

- "When things become formal it is a sign of trouble – nothing gets done!"
- "There are differences among DGs in terms of ability for them to support their areas to work horizontally. They steer differently – many are power oriented – worried to let their employee shine brighter than themselves."
- "My previous job was in an agency that was more private sector oriented – in that environment I was excellent leader and in this environment I am average leader. It pisses me off! I cannot delegate or give autonomy in the way I could before"

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LEADERSHIP FOR SYSTEMS CHANGE

# Anticipatory innovation governance model in Finland (2022)



- Framework to assess anticipatory capacity across government
- Action research & thematic pilots: continuous learning, carbon neutrality, child wellbeing and politico-administrative cooperation
- Integrating anticipation into government functions and addressing missing areas

<https://www.oecd.org/publications/anticipatory-innovation-governance-model-in-finland-a31e7a9a-en.htm>

# Seven large themes

1

## **Citizens and participation:**

How to make anticipatory innovation more democratic?

2

## **Futures and foresight:**

How to pass the impact gap of strategic foresight and align futures with strategic planning and needs of decision-makers and vice versa?

3

## **Budget and resource allocation:**

How to budgetary steering processes with anticipatory innovation and complex challenges?

4

## **Experimentation:**

How to create more room for sense-making, alternatives exploration and iterative development in policymaking processes?

5

## **Individual capacities, skills and factors:**

Which capacities and skills are needed for anticipation in different government roles? Which biases need to be countered?

## **Policy cycles and continuity of reforms:**

How to address complex policy issues beyond 4-year government terms?

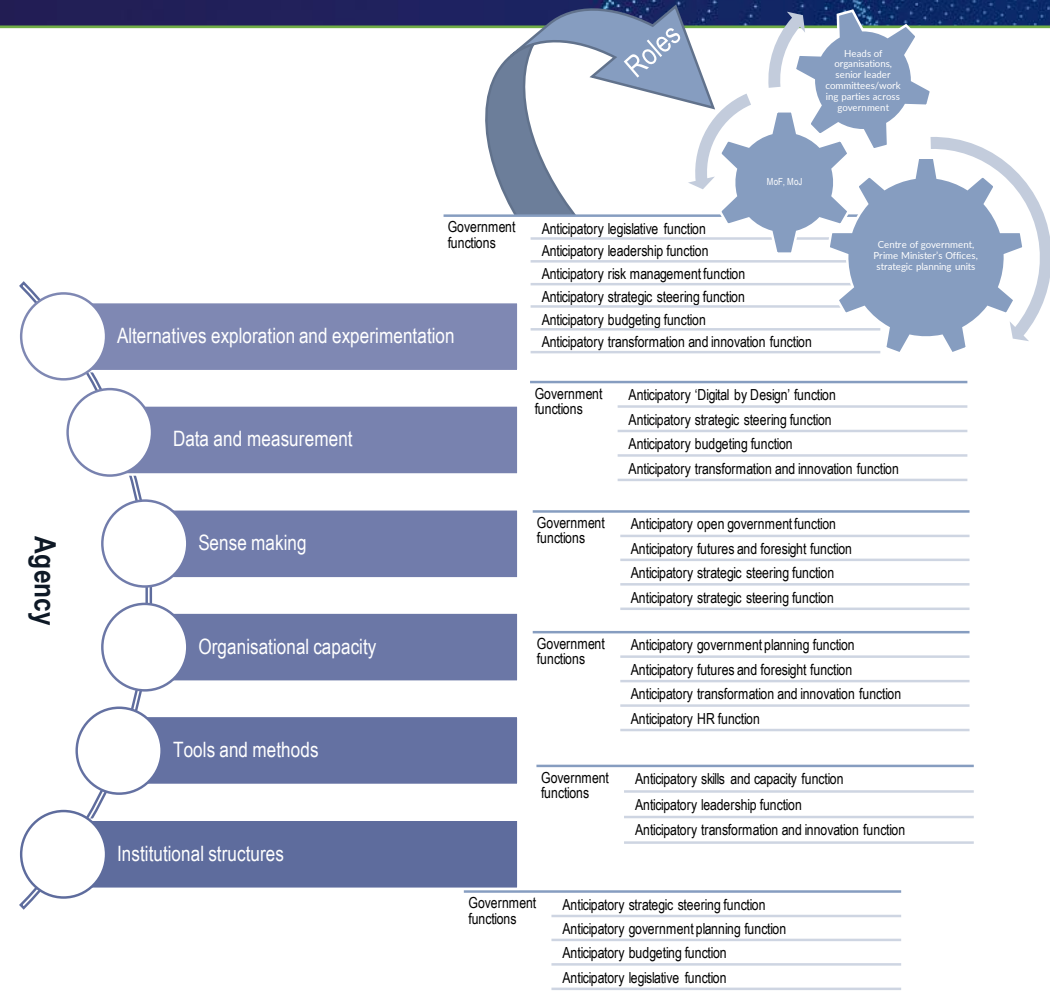
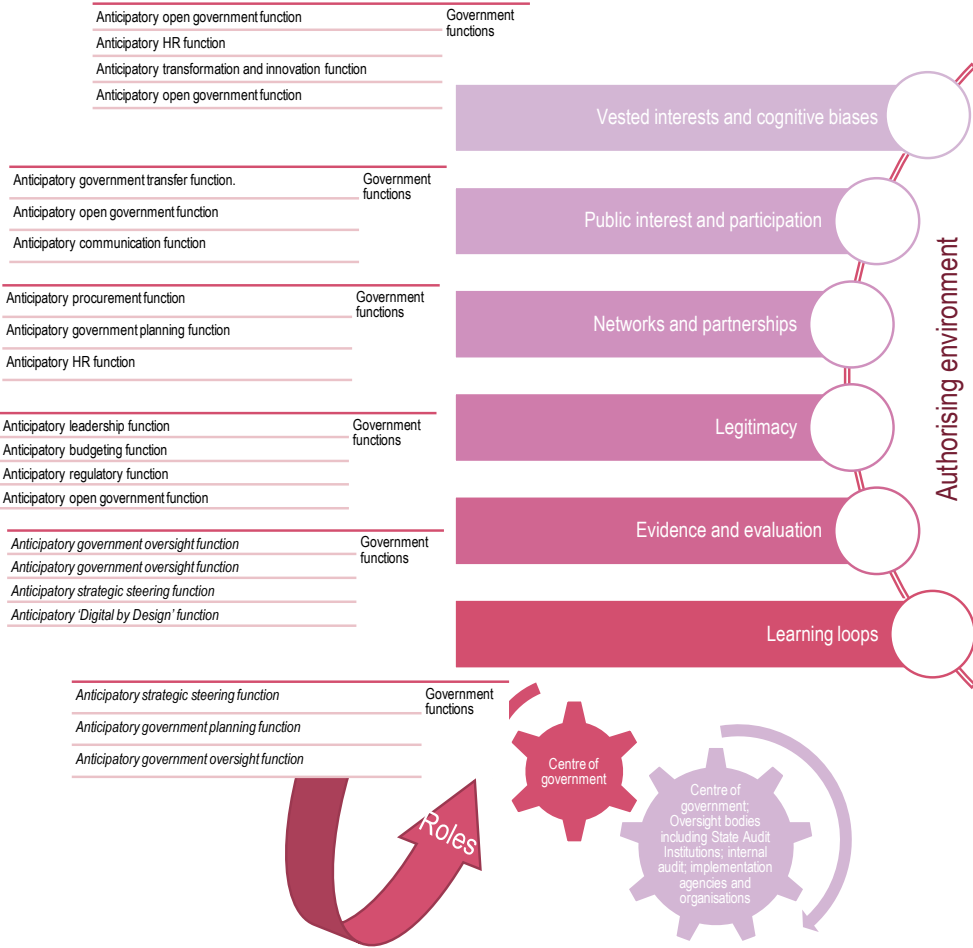
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## **Coordination across government challenges:**

How different policy steering system need to adapt to make working on complex challenges more effective?





# SYMPOSIUM: DRIVING PRACTICAL PUBLIC SECTOR INNOVATION

THURSDAY, 22 MAY 2025  
09:00 - 18:00 CET

Livestream



[tinyurl.com/OPSI2025](https://tinyurl.com/OPSI2025)



Thank **YOU**

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